

SAPC 1282  
Copy 4 of 6

June 28, 1955

The Perkin Elmer Corporation  
Norwalk, Connecticut

ATTN: Mr. Richard S. Perkin, President

Order No. SC-2154

Gentlemen:

Please refer to my letter dated March 2, 1955, wherein I placed with your organization a firm order in the amount of \$3,101,000.00 for certain technical and engineering services desired by the client I represent.


Pursuant to the recent negotiations conducted with you for additional technical and engineering services desired by my client, I hereby increase said firm order from the amount of \$3,101,000.00 to a new amount of \$5,085,000.00.

The services you are to perform and the items you are to deliver under this order, as well as the general terms and conditions of this transaction, are contained in the agreements and documents executed at our last meeting. Copies of such agreements and documents are in your possession and your performance of this order shall be in accordance with the requirements stated therein.

Periodic payments will be made under this order upon receipt by the undersigned of your invoices indicating satisfactory progress in performance of the order.

Please follow all instructions contained in our agreements with respect to keeping this matter confidential insofar as it concerns the identity of my client and the nature and results of the work.

Sincerely yours,

  
Attorney At Law

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## **SECTION L - PRICE REDETERMINATION**

1. Because of the experimental and developmental nature of the work called for by this contract and the great uncertainty as to the cost of performance hereunder, the parties agree that the contract price may be increased or decreased in accordance with the provisions of this clause.

2. The contract target price set forth in Appendix I for delivery of the items listed therein is \$5,085,000, and such target price is composed of contract target costs of \$4,745,000 and a total contract target profit of \$340,000. However, in consideration of the circumstances set forth in subsection 1, above, upon expenditure of 75 percent of the contract target cost of \$4,745,000, the parties hereto agree to examine the costs incurred and the costs expected to be incurred in completion of the contract work and to negotiate in good faith to revise the contract target cost, or to establish a reasonable maximum contract price, or both.

3. As soon as practicable after expenditure of the funds referred to above, the Contractor shall furnish to the Contracting Officer a statement showing in such form and detail as the Contracting Officer may prescribe, the Contractor's incurred and expected-to-be-incurred costs of producing the supplies or furnishing the services called for hereunder, together with such information as may be pertinent in the negotiations for a revised contract target cost or a maximum contract price pursuant to this section. Such statement of cost shall fairly reflect the normal operation of the Contractor's cost system.

4. Upon the filing of the statement and other pertinent information required by subsection 3, the Contractor and the Contracting Officer will promptly negotiate in good faith to agree upon a reasonable revised total contract target cost, or a reasonable maximum contract price, or both, PROVIDED, HOWEVER, That no revision need be made in the contract target cost of \$4,745,000 if it is agreed that such contract target cost is reasonable in the light of circumstances at the time. Any revision of the contract target cost, or the establishment of a maximum contract price, shall be evidenced by an amendment to this contract.

5. Within 60 days after the completion or termination of this contract, the Contractor will file with the Contracting Officer a

statement showing, in such form and detail as the Contracting Officer may prescribe, the Contractor's cost of producing the supplies or furnishing the services called for hereunder, together with such other information as may be pertinent in the negotiations for a revised final contract price. Such statement of cost shall fairly reflect the normal operation of the Contractor's cost system. The Contracting Officer shall have the right at all reasonable times to make or cause to be made such examinations and audits of the Contractor's books, records, and accounts as he may request.

6. Upon the filing of the statement and other pertinent information required by subsection 5, above, the Contractor and the Contracting Officer will promptly negotiate in good faith to agree upon a reasonable revised price for the entire contract which, upon the basis of such statement and other pertinent information, will constitute fair and just compensation to the Contractor for the performance of this contract. The revised price shall be evidenced by an amendment to this contract. In determining the extent of any estimated allowance for profit to be taken into account in fixing such revised price, consideration shall be given to the agreed upon target profit of \$340,000 at a target cost of \$4,745,000 and the extent to which the Contractor has performed the contract with efficiency, economy and ingenuity. In the event that the Contractor's actual costs of producing the supplies or furnishing the services hereunder exceed \$4,745,000, consideration shall be given to reducing the Contractor's target profit of \$340,000 and, in the event such actual costs are less than \$4,745,000, consideration shall be given to increasing the Contractor's target profit of \$340,000.

7. If, within 60 days after the filing of the statement and the furnishing of the other pertinent information required by subsection 5, above, the parties shall fail to agree upon a revised final price in accordance with the provisions of this Section L, the failure to agree shall be deemed to be a disagreement as to a question of fact which shall be disposed of in accordance with the clause of the contract entitled "Disputes."

8. Pending any revision of the contract costs pursuant to the provisions of this Section L, the Contractor may bill and receive payment in accordance with the item prices stated in Appendix I, upon delivery of any article or completion of any service called for therein. If at any time it appears that the final item price of any particular item or items will be substantially greater or less than the item price

at which such items are being billed, this contract may be amended to adjust such item billing prices. The establishment of adjusted prices for billing purposes only shall in no way limit or affect the final price revision to be computed in accordance with the provisions of this Section L. In addition, the Contractor may bill for progress payments hereunder, in accordance with the clause of this contract entitled "Progress Payments," provided billings hereunder are specific as to items hereunder which are being billed on a billing price basis and items, or phases, which are being billed on a progress payment basis.

9. If the final revised contract price, as determined under subsection 6, above, is greater than the aggregate of billing prices for items subject to price revision, as such billing prices may have been revised from time to time, and provided the Contractor has met the other requirements of this contract, the Contractor shall promptly be paid the amount of such excess. If such final revised contract price is less than the aggregate of such billing prices, provisions shall be made for prompt reimbursement by the Contractor to the Government of the amount of such deficiency. The total amount so payable and the method of payment shall be set forth in an amendment to this contract.

10. For any purposes of the clause of this contract providing for termination at the option or convenience of the Government (including without limitation, computation of "the total contract price" and "the contract price of work not terminated"), the contract price shall be the revised contract price agreed upon under subsection 6, of this Section L, or determined under subsection 7, of this Section L, as the case may be.

11. The Contractor agrees to maintain books, records, documents, and other evidence pertaining to the costs and expenses of this contract, in accordance with generally accepted commercial accounting principles and practices, and to the extent and in detail as is necessary for establishment of costs applicable to items of this contract subject to price revision. The Contractor shall segregate the costs of any item, charge, or service, the price of which is fixed and not subject to revision in accordance with the provisions of this Section L.

**ACCEPTANCE**

**ACCEPTED FOR:**

**PERKIN-ELMER CORPORATION**

By

Title

*Secretary*

Date

*June 27, 1955*

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**ACCEPTED FOR:**

**THE UNITED STATES OF AMERICA**

By

**Contracting Officer**

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